



CLEAN VERSION OF PAGE 5  
& ABSTRACT

---

per optioned contestant) for the final match to options holders.

If there were sufficient demand for each of the contestants, the organizers could sell up to 160,000 options on all the contestants, and only 5,0000 of these options will vest.

Similarly, in team sports with a playoff style elimination, all teams can issue such options and get some revenue, where currently, no such opportunity exists. In this way, the organizers have captured all the demand available (thereby maximizing revenues), fans have been able to match their needs to the financial cost of satisfying the need, and the event is attended by fans most interested in the event, because the options allow such matching.

Risk that "popular" teams/competitors will be eliminated in early rounds: Under the current system, team owner/event organizers may face financial difficulties if, for example, the qualifying competitors are not popular, or if all the "favorites" are eliminated in the early rounds of competition. In these instances, there may be very little fan interest in the later round(s) of competition - and expected revenues from these rounds may never, in fact, materialize.

Unpredictable revenues, based on performance: Under the current system, team owners (and event organizers) have

---